

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN LILA TAYLOR**, on February 9, 1999 at
10:00 A.M., in Room 402 Capitol.

ROLL CALL

Members Present:

Rep. Lila Taylor, Chairman (R)
Sen. Mike Taylor, Vice Chairman (R)
Sen. Eve Franklin (D)
Sen. Ken Mesaros (R)
Rep. Ray Peck (D)
Rep. Joe Quilici (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lynn Daily, Committee Secretary
Mary Beth Linder, OBPP
Jim Turner, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary: Executive Action for the Department
of Revenue

Jeff Miller, Department of Revenue, gives a brief overview about
the business case.

- tool that is used to help process information that comes
in
- there are two objectives
 - improve customer service
 - improve net financial benefit to the state
- establish on going costs and potential benefits
- summarized into a report per initiative

financial discussion

- POINTS

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- financial gain on basis of revenue lift
 - gap between 100% compliance
- estimated what could be gained be implementing improved tax laws
- expect to make improvements

Business case is tool that is allowing them to plan implementation of projects over time

- sees a very positive net benefit

Questions from Committee Members and Responses:

SEN. TAYLOR asks what the total is. **Mr. Miller** says the total benefit anticipated is \$69,507,000 cost. The operational cost is not included. **SEN. TAYLOR** asks what the fixed cost is. **Mr. Miller** says all of these costs reflect a kind of negotiated association with META.

REP. QUILICI states that according to the chart the net benefits will start benefitting in FY00 and FY01. Did revenue oversight committee figure in these benefits. **Mr. Miller** says yes. **Jim Turner** states that operational costs don't show up explicitly. Extra costs will be there and there would be changes in operation costs. **Mary Bryson** says they did take into account ongoing operational costs. The base is today's operational costs and the business case reflects the changes.

SEN. TAYLOR states that they have heard a lot of complaints from people in the field that feel their needs are not being addressed in an efficient manner and how would the Department address this. **Mrs. Bryson** says they are taking on a lot with STARS, but they feel they have not neglected anyone. They are attempting to change the culture of the DOR. They have made every attempt to engage people in the field, and about 15-20% are not convinced they are moving in the right direction. **SEN. TAYLOR** states that he understands people don't like change. Some of the people says licencing applications are unreasonable and the Department's response was not friendly. **Mrs. Bryson** says she will take responsibility for this. They have not been as responsive and customer friendly as they should have been. There is responsibility in both parties.

REP. QUILICI states that he has been concerned about META and is getting calls from various counties. The people are under the impression that it is either ship in or ship out.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 30.5}

REP. QUILICI states that in some way the Department is not getting to these people. Anyone that objected to META didn't get

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an upgrade. **Mrs. Bryson** says the \$1 Million was a goal the Department established. They believe they should measure the outcome rather than the output. When she read Debbie's memo she had the same concerns. She wants to recognize they have a significant work load and a significant project. They may have taken on too much and are looking at that now. **REP. QUILICI** states that there are things that are happening that shouldn't be and even though it's a bonding issue these are still state dollars.

EXECUTIVE ACTION ON DEPARTMENT OF REVENUE

EXECUTIVE ACTION ON DOR - DIRECTOR'S OFFICE

Motion/Vote: **REP. QUILICI** moved **BASE (PAGE A-119)**. Motion carried unanimously.

Motion/Vote: **SEN. FRANKLIN** moved **STATE WIDES (PAGE A-119)**. Motion carried unanimously.

Motion/Vote: **REP. QUILICI** moved **DP 1 - CYCLICAL EXPENSES & SESSION COSTS (PAGE A-120)**. Motion carried unanimously.

Motion: **SEN. TAYLOR** moved **TO ACCEPT DP 2 - EDUCATION & TRAINING (PAGE A-120) PRESENT LAW ADJUSTMENTS OF \$1,700 GENERAL FUND EACH FISCAL YEAR FOR TRAINING EXPENSES**.

Discussion:

Mrs. Bryson says some of the issues they have had is they don't provide adequate training. **SEN. FRANKLIN** asks what the priority is for training. **Mrs. Bryson** says some of their assessors and appraisers are required to have training and that's the priority. When technology comes that will be next.

SEN. TAYLOR asks how many people there are. **Mrs. Bryson** says 660. **SEN. TAYLOR** then calculates $660 \times 150 \times 50 = \$132,000$ per year for training.

SEN. FRANKLIN asks if some of the money is used for trainers and comp. time. **Mrs. Bryson** says they bring people in or send people out. This is for outside hiring. Their goal is to provide this training in house. They also do some training with films.

Vote: Motion carried unanimously.

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Motion/Vote: SEN. TAYLOR moved DP 1 - REORGANIZATION PLAN (PAGE A-121) TO ACCEPT THE NEW PROPOSAL AS WRITTEN, EXCEPT THAT THE GENERAL FUND AMOUNTS WILL BE \$5,000 LESS THAN THOSE IN THE EXECUTIVE REQUEST EACH FISCAL YEAR. Motion carried unanimously.

EXECUTIVE ACTION ON DOR - INFORMATION TECHNOLOGY

Motion/Vote: REP. QUILICI moved BASE (PAGE A-122). Motion carried unanimously.

{Tape : 1; Side : B; Approx. Time Counter : 0 - 28.5}

Motion: SEN. TAYLOR moved ACCEPT PERSONAL SERVICES PRESENT LAW ADJUSTMENTS OF \$200,023 FOR FISCAL 2000 AND \$194,097 FOR FISCAL 2001. THIS REDUCTION FROM THE EXECUTIVE BUDGET REQUEST WILL BE USED TO REDUCE THE PROGRAM'S GENERAL FUND APPROPRIATION.

Discussion:

SEN. FRANKLIN asks why the positions have been open since 1997. Mrs. Bryson says most are now currently filled. These are funded through federal money and not the General Fund. She would strongly encourage not to get rid to these positions. SEN. FRANKLIN asks when the funding authority was transferred were there bodies attached. Mrs. Bryson says one was a live body and one was vacant. SEN. FRANKLIN asks who is doing this work now. Mrs. Bryson says they are doing a great deal of work through contracted services.

SEN. TAYLOR would like to put a hold on the motion because he was under the assumption that it was General Fund money.

Motion/Vote: SEN. TAYLOR moved DP 2- EDUCATION & TRAINING (PAGE A-123) TO ACCEPT PRESENT LAW ADJUSTMENTS OF \$10,745 GENERAL FUND AND \$920 OTHER FUNDS EACH FISCAL YEAR FOR TRAINING EXPENSES. Motion carried unanimously.

Motion: SEN. TAYLOR moved DP 3 - CONSULTING & PROFESSIONAL SERVICES (PAGE A-123).

Discussion:

SEN. FRANKLIN asks if this reflects an 18% increase and is this consistent with what's happening with the industry. Mrs. Bryson says some markets have experienced 30-40% increases. This is anticipated increases. A lot of what is happening in the market today is if they were available they are being "sucked" up to work on the Y2K problem.

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Substitute Motion/Vote: SEN. FRANKLIN made a substitute motion DP 3 AT 10% FOR \$28748 PER YEAR. Substitute motion carried unanimously.

Motion: SEN. TAYLOR moved DP 5 - COMPUTER REPLACEMENT CYCLE (PAGE A-123).

Discussion:

SEN. TAYLOR asks what is their philosophy on computer replacement. Mrs. Bryson says they purchase a base line machine. Some of their screens are larger because they are used more. As they send out POINTS they need to have the capacity.

Vote: Motion carried unanimously.

SEN. TAYLOR RECOMMENDS THE COMMITTEE TAKE NO ACTION ON DP 1 - ELECTRONIC INTERFACE PROGRAMMING (PAGE A-123).

Motion: REP. QUILICI moved ACCEPT DP 2 - DOR REORGANIZATION PLAN (PAGE A-123).

Discussion:

Mary Beth Linder states that there is an error on this page. There should be \$318,000 in HB2.

Jim Turner says this is coming from a proprietary fund not General Fund.

Vote: Motion carried unanimously.

EXECUTIVE ACTION ON DOR - RESOURCE MANAGEMENT

Motion/Vote: REP. QUILICI moved BASE (PAGE A-125). Motion carried unanimously.

Motion/Vote: SEN. TAYLOR moved STATE WIDES (PAGE A-125). Motion carried unanimously.

Motion/Vote: SEN. TAYLOR moved DP 5 - EDUCATION & TRAINING (PAGE A-126) TO ACCEPT PRESENT LAW ADJUSTMENTS OF \$2,790 GENERAL FUND EACH FISCAL YEAR FOR TRAINING EXPENSES. Motion carried unanimously.

Motion: SEN. TAYLOR moved DP 6 - COMPUTER REPLACEMENT CYCLE (PAGE A-126).

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Discussion:

SEN. TAYLOR asks how many units they are adding. **Mrs. Bryson** says around four computers.

Vote: Motion carried unanimously.

Motion/Vote: **SEN. TAYLOR** moved **ACCEPT DP 2 - DOR REORGANIZATION PLAN (PAGE A-126) AS WRITTEN , EXCEPT THAT THE GENERAL FUND AMOUNTS WILL BE \$3,000 LESS THAN THOSE IN THE EXECUTIVE REQUEST EACH FISCAL YEAR.** Motion carried unanimously.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 29.3}

**EXECUTIVE ACTION ON DOR - CUSTOMER SERVICE AND INFORMATION
PROGRAM**

Motion: **REP. QUILICI** moved **RATES ON PAGE A131 AMENDED TO ACCEPT 10% ON ACCOUNTS RECEIVABLE BAD DEBTS.**

Discussion:

SEN. TAYLOR asks what the rates are compared to. **Mrs. Bryson** says they are based on their existing costs and operations.

Jim Turner states that this time around the savings won't show up. When the committee votes on the rates it's a cap and they can't raise them but they can be lowered.

Vote: Motion carried unanimously.

EXECUTIVE ACTION ON DOR - COMPLIANCE VALUATION AND RESOLUTION

Motion/Vote: **REP. QUILICI** moved **BASE (PAGE A-135).** Motion carried unanimously.

Motion: **SEN. TAYLOR** moved **STATE WIDES (PAGE A-135) AND TO ACCEPT PERSONAL SERVICES PRESENT LAW ADJUSTMENTS OF NEGATIVE \$286,630 FOR FISCAL 2000 AND NEGATIVE \$337,636 FOR FISCAL 2001. THIS REDUCTION FROM THE EXECUTIVE BUDGET REQUEST WILL BE USED TO REDUCE THE PROGRAM'S GENERAL FUND APPROPRIATION.**

Discussion:

Jim Turner says the 1.7 FTEs are for a tax program manager and an auditor.

Mrs. Bryson says they have had difficulty filling because they require a significant amount of travel. **Don Hoffman** states the

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Universities in Montana have changed from a four year program to a five year program. **REP. QUILICI** asks if they can fill these positions by next session. **Mrs. Bryson** says they will continue to try to fill them.

SEN. FRANKLIN speaks against the motion, but encourages them to take action for internal training.

REP. QUILICI states that they have looked at this for years and they have never abused it.

SEN. TAYLOR withdraws his motion.

EXECUTIVE ACTION ON DOR - INFORMATION TECHNOLOGY

Motion/Vote: **SEN. TAYLOR** moved **STATE WIDES (PAGE A-122)**. Motion carried unanimously.

EXECUTIVE ACTION ON DOR - COMPLIANCE VALUATION AND RESOLUTION

Motion: **SEN. TAYLOR** moved **TO REDUCE THE BUDGET BY \$182,500 PER YEAR ACROSS THE BOARD.**

Discussion:

Jim Turner states that this is a motion to reduce the base.

SEN. MESAROS says this will let them determine where they will cut.

{Tape : 2; Side : B; Approx. Time Counter : 0 - 27.3}

REP. QUILICI is not sure that the agency can absorb this, especially over and above what the committee is already taking out. He would suggest before voting on this they have the Department see if they can come up with another suggestion or he would have to vote against the motion.

SEN. TAYLOR WITHDRAWS THE MOTION.

Motion/Vote: **SEN. TAYLOR** moved **DP 2 - EDUCATION AND TRAINING (PAGE A-137) TO ACCEPT PRESENT LAW ADJUSTMENTS OF \$7,839 GENERAL FUND EACH FISCAL YEAR FOR TRAINING EXPENSES.** Motion carried unanimously.

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ADJOURNMENT

Adjournment: 12:05 A.M.

REP. LILA TAYLOR, Chairman

LYNN DAILY, Secretary

LT/LD

EXHIBIT (jgh32aad)